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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 001795

SIPDIS

STATE FOR S/CT, EAP/MTS, DS/IP,ATA, DS/SP/EAP, DS/IT/ATA

E.O. 12958: DECL: 07/29/2018

TAGS: ASEC PTER RP

SUBJECT: THE NEW PEOPLE'S ARMY: DOWN BUT NOT OUT

REF: A. 2007 MANILA 03595: PHILIPPINES INTERNATIONAL

NARCOTICS REPORT

1B. 2007 MANILA 03051: AMNESTY FOR COMMUNIST

INSURGENTS

1C. 2007 MANILA 01928: NPA ELECTION EXTORTION

Classified By: Ambassador Kristie A. Kenney; for reasons 1.4 (b) & (d)

11. (U) SUMMARY: Thirty-nine years after its founding as the armed wing of the Philippine Communist Party, the New People's Army (NPA) has lost much of its ability to conduct sustained military operations but remains capable of sporadically disrupting public security and business operations in certain areas of the Philippines, as recent attacks have demonstrated. The NPA continues to drag local economic development and incite fear, but its reduced ability to recruit new members has diminished its status as a national security threat. The NPA is formally designated as a terrorist organization by the United States and the European Union. From its peak of about 25,000 members in the 1980's, the NPA is now estimated to have fewer than 5,000 supporters. Officials consider eliminating the NPA their number-one public security priority, and President Arroyo has called on the military and police to render the NPA "inconsequential" by the end of her presidency. Earlier last year, marrying economic incentives and military pressure, President Arroyo floated a broad amnesty plan for members of the NPA and Philippine Communist Party who wished to surrender. And to remind the NPA that military operations are still a viable option, the Secretary of Defense stated that the battle against the NPA should be "won with military force, not without." Despite its reduced strength, the NPA continues to carry out sporadic attacks against commercial interests and ambushes of Philippine forces. These uncoordinated attacks indicate the NPA is an organization more concerned with financial gain than with offering an ideological alternative for disenfranchised Filipinos. Nonetheless these attacks have resulted in more fatalities and damage than that caused by Islamic terrorist groups such as Abu Sayyaf and Jemaah Islamiyah, which are active in the Philippines. As part of its development program in southern Philippines, the Mission has carried out numerous infrastructure projects and other activities in areas previously under the control of the NPA. END SUMMARY.

THE NPA'S RISE AND DEMISE AS AN IDEOLOGICAL INSURGENCY

12. (U) Founded in 1969 as the armed wing of the Philippine Communist Party, the NPA was created to overthrow the government using guerrilla warfare. Gaining converts in the early 1970's, the NPA's ranks swelled with student volunteers

after President Ferdinand Marcos declared martial law in September 1972. Civilian rule returned in 1981, but the NPA's strength continued to grow to an estimated 25,000 members. Internal strife during the 1980s led some NPA elements to become involved in kidnapping, extortion, and reprisal killings of both NPA members and civilians as a way of maintaining financial support. At the same time, the NPA targeted Philippine officials and American military personnel, whose presence in the Philippines the NPA vehemently opposed. The NPA claimed responsibility for the assassination of then Joint U.S. Military Assistance Group Chief Colonel James Rowe in 1989. By 1990s, internal purges had taken their toll on NPA membership and external financial support, and the Philippine government offered its first amnesty program directed to the NPA. The NPA was formally designated as a foreign terrorist organization by the United States in 2002, and by the European Union in 2005.

¶3. (C) After being declared a terrorist organization, the NPA quickly disintegrated into a loose confederation of isolated groups hiding in rural or mountainous areas in economically depressed regions of the Philippines. Squeezed by the Philippine military and law enforcement and international sanctions -- which dried up foreign funding -- the NPA began demanding and collecting "revolutionary taxes" from small local businesses and rural farms and reportedly became involved with narcotics organizations through the protection and taxing of marijuana crops (ref A). Prior to the national mid-term elections in May 2007, the NPA resorted to strong-arm tactics, extorting protection money from local politicians to permit them to run.

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STILL THE GOVERNMENT'S "NUMBER ONE" SECURITY PRIORITY

¶4. (C) In 2002, President Arroyo publicly declared the NPA the greatest threat to the security of the Philippines. In 2007, after five years of military offensives against the NPA, she announced a broad amnesty plan for the NPA, the Philippine Communist Party, and other communist rebel groups who wished to surrender. This amnesty plan was offered in conjunction with her pledge to resolve the Communist insurgency, either through negotiations or military means, by the end of her term in 2010 (ref B). Similarly, Philippine Armed Forces Chief General Yano on July 24 emphasized his support for a peaceful resolution with the NPA. Despite such confident gestures, the Philippine government's public position on the NPA has been inconsistent. Recent press reports emphasize this inconsistency by citing Secretary of National Defense Gilberto Teodoro statements declaring that the war against the NPA should be "won with military force, not without."

¶5. (C) Late last year, then-Philippine Armed Forces Chief of Staff General Hermogenes Esperon stated that he was not convinced that the timetable to eliminate the NPA threat by 2010 was realistic. Sensitive reporting has indicated that Philippine National Police (PNP) intelligence supervisors would only accept reports from the field that show the NPA was losing strength and that personnel captured or killed who may be suspected to be NPA personnel are to be counted as NPA personnel regardless of affiliation. However, in late April, General Esperon's successor General Alexander Yano conveyed a new sense of optimism, predicting that by 2010 the NPA would no longer be able to launch offensive military operations, as the AFP would reduce the NPA's strength to 1,500 members in the next two years.

STILL DEADLY

¶6. (C) Despite a lack of incidents during the 39th

anniversary of the NPA last March 29, the NPA retains a potent ability to disrupt periodically the political and economic development environment through assassination, kidnapping, and attacks on business operations. On May 5, 2008, former Legaspi City Chief Narciso Guarin, known to have been on an NPA "hit-list," was assassinated by NPA elements in Bicol Province. Less than four weeks later, the NPA was suspected in the killing of a local police chief in Davao Oriental Province. In March and April, the NPA escalated attacks on mining sites, agricultural plants, and logging concessions in Mindanao as a way of enforcing its demands for protection money and "revolutionary taxes." Guarin allegedly was targeted as a result of his successful planning and commanding of operations in 2006, which resulted in the killing or capture of several known NPA terrorists.

¶17. (C) The incident capped four months of heightened NPA activity in which they conducted more than 30 attacks monthly on police, military, and commercial targets, killing an average of nine persons each month. Victims included police and military personnel, locally-elected officials, and labor leaders.

¶18. (U) Recent ambuscades by the NPA against the Philippine military in various areas of Mindanao demonstrate that the NPA continues to conduct small-scale offensive operations in isolated areas. In mid-July, the NPA was suspected in a night-time attack on a jail in Sarangani Province in southern Mindanao, which according to news reports, was a combined assault using mortars and small arms fire in a failed attempt to free a detained comrade. Following these attacks, the media reported that the Philippine military was deploying extra troops to the Mindanao region and metro Manila in response to the recent spike in violence attributed to the NPA, and to counter potential threats by NPA assassins known as "Sparrows."

¶19. (C) The NPA's recent attacks against military and law enforcement personnel, along with attacks on economic and communication infrastructure, have led to speculation that the NPA is becoming a more lethal and resurgent threat to the

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government. Statistics alone indicate that NPA-led attacks over the past several months have caused far more fatalities and damage than the more infamous Islamic terrorist groups, such as Abu Sayyaf and Jemaah Islamiyah, which have also plagued the Philippines over the past few years. However, despite the rise in attacks, many senior Philippine officials continue to publicly down-play the NPA's effectiveness, while at the same time calling for the group's defeat.

POLICE AND MILITARY WORKING TOGETHER

¶10. (C) As part of a new combined effort by the AFP and the Philippine National Police (PNP) to defeat the NPA, PNP Chief General Avelino Razon recently announced that future hostile encounters between the NPA and the Philippine military would be treated as crime scenes enabling the police to conduct forensic examinations and collect scientific data. These new procedures are expected to contribute to the government's fight against the NPA by utilizing non-traditional military options that would be valid for use in criminal proceedings against them in the Philippine judicial system. Perhaps as a result of the Philippine government's continued success against the NPA, the AFP recently reported the NPA has now shifted its recruitment strategy from its traditional rural base to urban areas. The AFP attributes this recent shift in recruiting tactics to its numerous successful confrontations with the NPA in their traditional provincial bases of operation.

U.S. ASSISTANCE FOR FORMER NPA-CONTROLLED AREAS IN MINDANAO

¶11. (U) USAID has implemented numerous activities throughout Mindanao, some in areas that were previously under the control of the NPA. The range of activities include health, education, environment, governance, and economic development.

As part of the Growth with Equity in Mindanao programs, USAID completed a number of projects such as trade centers and farm to market roads. As part of the USAID sponsored Computer Literacy and Internet Connection program, more than 600 schools throughout Mindanao were provided with computers or internet connections. All projects were undertaken in partnership with the local government, parent-teacher associations, the private sector, and the Mindanao Economic Development Council.

COMMENT

¶12. (C) Combined efforts by Philippine military and law enforcement authorities, along with long-term development projects initiated and funded by USAID, continue to mitigate the effectiveness of the NPA throughout much of the Philippines. Recent attacks on commercial interests, along with ambushes directed at Philippine military and police personnel, appear to be retaliatory acts related to extortion activities rather than actions driven by ideology or principles. However, despite repeated public statements by senior Arroyo Administration officials emphasizing their intent to render the NPA "inconsequential" by 2010, the NPA continues to drag down local economic development and hamper the Philippine government's efforts to establish a presence throughout the country to ensure public order. Focusing on depriving the NPA of new recruits by developing economic opportunities for provincial and poor urban areas will be key if the government is to overcome the NPA's long-running campaign to weaken the democratic and economic potential of the Philippines. END COMMENT.

KENNEY